

**J.D. Power and LMC Automotive Report:
New-Vehicle Sales Slow in September Due to Timing of Labor Day;
However, Overall Sales Trend Remains Positive**

WESTLAKE VILLAGE, Calif.: 19 September 2013 — The new-vehicle sales pace in September has slowed slightly from its sprint in recent months, as volume is impacted by fewer selling days and the absence of Labor Day from September tallies, according to a monthly sales forecast developed jointly by J.D. Power and LMC Automotive.

Retail Light-Vehicle Sales

New-vehicle retail sales in September 2013 are projected to come in at 933,400 units, a 2 percent increase from September 2012. Retail transactions are the most accurate measure of true underlying consumer demand for new vehicles. The seasonally adjusted annualized rate (SAAR) in September is expected to be 12.4 million units.

“Although the year-over-year sales gain in September is smaller than has been observed in recent months, it’s important to recognize that September reported sales are being heavily influenced by a quirk on the industry sales calendar,” said John Humphrey, senior vice president of the global automotive practice at J.D. Power.

**U.S. Retail SAAR—September 2012 to September 2013
(in millions of units)**



Source: J.D. Power’s Power Information Network (PIN)

The auto industry reports sales on a sales month basis rather than a calendar month basis. Historically, the Labor Day holiday has fallen in the September sales month; however, in 2013, it fell in the August sales month, meaning that sales delivered over the holiday weekend were counted in August sales rather than September. J.D. Power estimates that more than 248,000 new vehicles were sold during the Labor Day weekend. Had those sales been included in September, LMC Automotive indicates they would have lifted the monthly SAAR into the low 13 million unit range.

Humphrey commented that due to this difference in the sales reporting calendar in 2013, it makes sense to evaluate August and September sales in combination.

“When combined, August and September retail sales are expected to be up 10.6 percent, compared with August and September 2012, which underscores the continued positive trajectory in growth and overall health of the industry,” said Humphrey.

Total Light-Vehicle Sales

Total light-vehicle sales in September are expected to rise 4 percent, benefiting from a higher share of fleet sales relative to August. Fleet share returns to 18 percent, up from 11 percent in August. Fleet volume is expected to approach 200,000 units. At the current pace, fleet sales should account for less than 18 percent of the market in 2013.

“Fleet sales have been averaging between 20 and 22 percent annually and typically have a much lower margin than retail sales,” said Jeff Schuster, senior vice president of forecasting at LMC Automotive. “Therefore, fleet sales below 18 percent contribute to the overall financial health of the industry.”

J.D. Power and LMC Automotive U.S. Sales and SAAR Comparisons

	September 2013¹	August 2013	September 2012
New-Vehicle Retail Sales	933,400 units (2% higher than September 2012) ²	1,335,085 units	997,285 units
Total Vehicle Sales	1,132,800 units (4% higher than September 2012)	1,500,624 units	1,187,341 units
Retail SAAR	12.4 million units	13.8 million units	12.4 million units
Total SAAR	15.2 million units	16.1 million units	14.9 million units

¹Figures cited for September 2013 are forecasted based on the first 10 selling days of the month.

²The percentage change is adjusted based on the number of selling days in the month (23 days in September 2013 vs. 25 days in September 2012).

Sales Outlook

LMC Automotive is holding its 2013 forecast for total light-vehicle sales at 15.6 million units. However, retail light-vehicle sales are tracking slightly ahead of expectations with the total year now expected to come in at 12.9 million units, a slight increase from the previous forecast of 12.8 million units.

“Even with the timing-driven volatility in August and September, the year-to-date selling rate of 15.5 million units is consistent with expectations of stronger retail-driven growth in 2013,” said Schuster. “Balancing growth with risk, and with all positive variables perfectly aligned, the automotive market right now is as strong as we’ve seen in several years.”

North American Production

North American production year-to-date through August remains up 4 percent relative to the same period in 2012, with volume up nearly 400,000 units to 10.7 million units. With automakers closely managing the supply-and-demand ratio, inventory levels in early September are holding at a 54-day supply, down slightly from 56 days in August. Overall inventory volume remains below 3.0 million units at 2.9 million. Given that capacity utilization is currently above 90 percent, the lean level of inventory is expected to continue throughout the remainder of 2013, with supply lingering below the 60-day level.

LMC Automotive's forecast for 2013 North American production holds at 16.0 million units, a 4 percent increase from 2012. Looking ahead, the 2014 production forecast is currently at 16.5 million units, up 3 percent from 2013. Volume is expected to get a boost from a higher level of demand, but also from the introduction of new vehicles. Key new production sourcing for 2014 include BMW X4; Ford Transit; Honda Fit; Mazda3; and Mercedes-Benz C-Class. In addition, 28 redesign models are expected to hit the market in 2014, up from nine in 2013.

About J.D. Power

J.D. Power is a global marketing information services company providing performance improvement, social media and customer satisfaction insights and solutions. The company's quality and satisfaction measurements are based on responses from millions of consumers annually. Headquartered in Westlake Village, Calif., J.D. Power has offices in North/South America, Europe and Asia Pacific. For more information on car reviews and ratings, car insurance, health insurance, cell phone ratings, and more, please visit JDPower.com. J.D. Power is a business unit of McGraw Hill Financial.

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McGraw Hill Financial (NYSE: MHFI) is a leading financial intelligence company providing the global capital and commodity markets with independent benchmarks, credit ratings, portfolio and enterprise risk solutions, and analytics. The Company's iconic brands include: Standard & Poor's Ratings Services, S&P Capital IQ, S&P Dow Jones Indices, Platts, CRISIL, J.D. Power, and McGraw Hill Construction. The Company has approximately 17,000 employees in 27 countries. Additional information is available at www.mhfi.com.

About LMC Automotive

LMC Automotive, formerly J.D. Power Automotive Forecasting, is the premier supplier of automotive forecasts and intelligence to an extensive client base of automotive manufacturer, component supplier, logistics and distribution companies, as well as financial and government institutions around the world. LMC's global forecasting services encompass automotive sales, production and powertrain expertise, as well as advisory capability. LMC Automotive has offices in the United States, the UK, Germany, China and Thailand and is part of the Oxford, UK-based LMC group, the global leader in economic and business consultancy for the agribusiness sector. For more information please visit www.lmc-auto.com.

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